Transit Tax Parity Act of 2015

New Commuter Legislation does not apply in the Commonwealth of Massachusetts

The communication we sent recently regarding the federal increase in pre-tax commuter benefits applies to the treatment of federal taxes only. Individual states may vary on the pre-tax commuter benefit a particular state permits. We want to make you aware of an announcement by the Commonwealth of Massachusetts Department of Revenue regarding the new federal commuter maximums. For states other than Massachusetts, please consult that state's Department of Revenue.

The Commonwealth of Massachusetts Department of Revenue (DOR) has announced that the increased tax exemption in Transit commuter benefits, under IRC §132(f) will not be extended to Massachusetts taxpayers for taxable years beginning in 2016. This means that Transit deduction amounts in excess of $130 would be taxable for MA, although still excluded from federal taxes up to $255.

The DOR will reflect the federal increase of $255 for pre-tax monthly Parking.

The state's legislature may adopt the provisions of IRC §132(f) in a future legislation.

REQUIRED ACTION:

- For more information on the DOR announcement, CLICK HERE
- To review our original notification on the change in the commuter maximums, CLICK HERE.
- Please consult with your payroll provider/advisor for guidance on withholding federal and state taxes for commuter benefits.

Please Note: The above information is Benefit Strategies' translation of the IRS regulations. You may also want to consult your tax professional to discuss which method is best for your organization.

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